

**DAYTON TOWNSHIP**  
*(Newaygo)*  
**FINANCIAL STATEMENTS**

**MARCH 31, 2004**

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

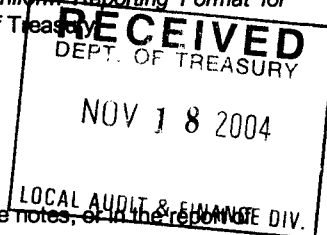
Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Dayton Township</b>	County <b>Newaygo</b>
Audit Date <b>3/31/04</b>	Opinion Date <b>9/15/04</b>	Date Accountant Report Submitted to State: <b>9/30/04</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report comments and recommendations



You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Hendon &amp; Slate, P.C.</b>			
Street Address <b>711 W. Main</b>	City <b>Fremont</b>	State <b>MI</b>	ZIP <b>49412</b>
Accountant Signature 		Date <b>9/28/04</b>	

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## **DAYTON TOWNSHIP**

### **Board Members**

Holly Moon

Supervisor

Paul Edbrooke

Clerk

Vicki Kunnen

Treasurer

Robert Kole

Trustee

Shirley Hooker

Trustee

# HS & Companies



**Hendon & Slate, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS



Township Board  
Dayton Township  
Fremont, MI

## Independent Auditor's Report

We have audited the combined financial statements of Dayton Township as of and for the year ended March 31, 2004, as listed in the table of contents. These financial statements are the responsibility of the Township's board. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with the standards prescribed by the state treasurer. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the board, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly in all material respects the financial position of Dayton Township, as of March 31, 2004 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America and with applicable rules and regulations of any state department or agency.

Our audit was made for the purpose of forming an opinion on the combined financial statements taken as a whole. The supplemental financial information is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Hendon & Slate, P.C.  
Certified Public Accountants  
September 15, 2004

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# DAYTON TOWNSHIP

## Combined Balance Sheet - All Fund Types and Account Groups March 31, 2004

	<u>Governmental</u> <u>Fund Types</u>		<u>Fiduciary</u> <u>Fund Types</u>	<u>Account</u> <u>Group</u> <u>General</u> <u>Fixed</u> <u>Assets</u>	<u>Totals</u> <u>(Memo Only)</u>
	<u>General</u>	<u>Special</u> <u>Revenue</u>	<u>Agency</u>		
Assets and Other Debits					
Cash and Investments	\$ 285,181	\$ 14,630	\$ 1,975	\$ -	\$ 301,786
Taxes Receivable	7,690	-	-	-	7,690
Due From Other Funds	931	-	-	-	931
General Fixed Assets	-	-	-	48,302	48,302
Total Assets and Other Debits	<u>\$ 293,802</u>	<u>\$ 14,630</u>	<u>\$ 1,975</u>	<u>\$ 48,302</u>	<u>\$ 358,709</u>
Liabilities, Fund Equity, and Other Credits					
Liabilities					
Accounts Payable	\$ 50,529	\$ -	\$ -	\$ -	\$ 50,529
Due to Other Funds	-	-	931	-	931
Due to Other Governments	-	-	1,044	-	1,044
Total Liabilities	50,529	-	1,975	-	52,504
Fund Equity and Other Credits					
Investments in General Fixed Assets	-	-	-	48,302	48,302
Fund Balance - Designated	-	14,630	-	-	14,630
Capital Improvements	243,273	-	-	-	243,273
Fund Balance - Undesignated	-	-	-	-	-
Total Fund Equity and Other Credits	<u>243,273</u>	<u>14,630</u>	<u>-</u>	<u>48,302</u>	<u>306,205</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$ 293,802</u>	<u>\$ 14,630</u>	<u>\$ 1,975</u>	<u>\$ 48,302</u>	<u>\$ 358,709</u>

The Notes to the Financial Statements are an integral part of this statement.

# DAYTON TOWNSHIP

## Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types For the Year Ended March 31, 2004

	General Fund	Special Revenue Fund	Totals (Memo Only)
<b>Revenues</b>			
Taxes and PTAF	\$ 63,144	\$ -	\$ 63,144
State Grants	141,717	-	141,717
Charges for Services	1,100	-	1,100
Interest Earned	5,259	399	5,658
Fire Special Assessment	39,176	-	39,176
Fire Reimbursement	100	-	100
Other Revenue	<u>6,764</u>	<u>-</u>	<u>6,764</u>
Total Revenues	257,260	399	257,659
<b>Expenditures</b>			
Legislative	15,224	-	15,224
General Government	63,489	-	63,489
Public Safety	70,091	-	70,091
Public Works	77,799	-	77,799
Other Functions	<u>13,150</u>	<u>-</u>	<u>13,150</u>
Total Expenditures	<u>239,753</u>	<u>-</u>	<u>239,753</u>
Excess Revenues Over (Under) Expenditures	17,507	399	17,906
Other Financing Sources (Uses)			
Operating Transfers In	4,563	-	4,563
Operating Transfers Out	<u>-</u>	<u>(4,563)</u>	<u>(4,563)</u>
Total Financing Sources (Uses)	<u>4,563</u>	<u>(4,563)</u>	<u>-</u>
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	22,070	(4,164)	17,906
Fund Balance - Beginning of Year	<u>221,203</u>	<u>18,794</u>	<u>239,997</u>
Fund Balance - End of Year	<u>\$ 243,273</u>	<u>\$ 14,630</u>	<u>\$ 257,903</u>

The Notes to the Financial Statements are an integral part of this statement.

# DAYTON TOWNSHIP

Combined Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
All Governmental Fund Types  
For the Year Ended March 31, 2004

	General Fund			Special Revenue Fund		
	Amended Budget	Actual	Variance Favorable (Unfavorable)	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>						
Taxes and PTAF	\$ 57,000	\$ 63,144	\$ 6,144	\$ -	\$ -	\$ -
State Grants	123,000	141,717	18,717	-	-	-
Charges for Services	1,150	1,100	(50)	-	-	-
Interest Earned	7,040	5,259	(1,781)	-	399	399
Fire Special Assessment	-	39,176	39,176	-	-	-
Fire Reimbursement	800	100	(700)	-	-	-
Miscellaneous	<u>7,875</u>	<u>6,764</u>	<u>(1,111)</u>	-	-	-
<b>Total Revenues</b>	196,865	257,260	60,395	-	399	399
<b>Expenditures</b>						
Legislative	17,450	15,224	2,226	-	-	-
General Government	64,317	63,489	828	-	-	-
Public Safety	78,355	70,091	8,264	-	-	-
Public Works	78,975	77,799	1,176	-	-	-
Other Functions	<u>17,508</u>	<u>13,150</u>	<u>4,358</u>	-	-	-
<b>Total Expenditures</b>	<u>256,605</u>	<u>239,753</u>	<u>16,852</u>	-	-	-
<b>Excess Revenues Over (Under) Expenditures</b>	(59,740)	17,507	77,247	-	399	399
<b>Other Financing Sources (Uses)</b>						
Operating Transfers In	-	4,563	4,563	-	-	-
Operating Transfers Out	-	-	-	-	(4,563)	(4,563)
<b>Total Financing Sources (Uses)</b>	-	<u>4,563</u>	<u>4,563</u>	-	(4,563)	(4,563)
<b>Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<u>\$ (59,740)</u>	22,070	<u>\$ 81,810</u>	<u>\$ -</u>	(4,164)	<u>\$ (4,164)</u>
<b>Fund Balance - Beginning of Year</b>		<u>221,203</u>			<u>18,794</u>	
<b>Fund Balance - End of Year</b>		<u>\$ 243,273</u>			<u>\$ 14,630</u>	

The Notes to the Financial Statements are an integral part of this statement.



## DAYTON TOWNSHIP

### Notes to Combined Financial Statements March 31, 2004

#### NOTE A

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Dayton Township conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of significant policies:

##### A. Basis of Presentation - Fund Accounting

The accounts of the Township are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. The various funds are summarized by type in the financial statements. The following fund types and account groups are used by the Township.

Governmental Fund Types - Governmental Funds are those through which most governmental functions of the Township are financed. The acquisition, use, and balances of the Township's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the Township's governmental fund types:

**General Fund** - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The Special Revenue Fund maintained by the Township is the Capital Improvement Fund.

Fiduciary Funds - These funds, used to account for assets held as an agent for others, include the Tax Account.

Account Groups - The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period. Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public Domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, street and sidewalks, drainage systems, and lighting systems, are not capitalized.

Such assets normally are immovable and of value only to the Township. Therefore, the purpose of stewardship for capital expenditures is satisfied without recording these assets. No depreciation has been provided on general fixed assets.

Assets purchased are recorded as expenditures in the governmental funds and were capitalized at cost in the general fixed assets account group.

The account group is not a "fund". It is concerned only with the measurement of financial position. It is not involved with measurement of results.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long term amounts are not recognized as governmental fund type expenditures or fund liabilities. They would instead be reported as liabilities in a General Long Term Debt Account Group.

#### B. Basis of Accounting

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred, if measurable.

Licenses and permits, charges for services, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

#### C. Budgets and Budgetary Accounting

The Township follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to March 31, the Township board reviews a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the Township hall to obtain taxpayer comments.
3. At the first regular meeting of the fiscal year, the budget is legally adopted.
4. Formal budgetary integration is not employed for any fund. However, informational summaries are prepared for all funds to serve as a management tool and are presented to the Township board for consideration.
5. The budget for the General Fund was adopted on a basis consistent with generally accepted accounting principles to the activity level.
6. P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. Dayton Township has amended the budget periodically throughout the year by Board resolution at the monthly meetings. However, there were some instances of expenditures exceeding the budgeted amount. The following expenditures exceeded their budgeted amount:

Notes to the Financial Statements (Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Treasurer	\$ 13,450	\$ 13,519	\$ (69)
Fire Protection	40,805	47,438	(6,633)
Parks and Recreation	-	2,175	(2,175)

D. Property Taxes

Property Taxes attach as enforceable liens on property as of December 31. Taxes are levied on December 1 of the following year and are payable from the date of levy through February 28. Taxes levied December 1 are recognized as revenue when they become available for appropriation, which is the fiscal year during which they are levied. The Township bills and collects its own property taxes.

E. Encumbrances

The Township does not have an encumbrance system.

F. Total Data

The total data presented in the combined financial statements are the aggregate of the fund types and account groups. No consolidating or other eliminations were made in arriving at the totals; thus they do not represent consolidated information.

G. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimated.

NOTE B

REPORTING ENTITY

The financial statements include all activities of the Township. There are no governmental departments, agencies, institutions, commissions, public authorities or organizations within the Township, which its elected officials may exercise oversight responsibility, that have been excluded. Oversight responsibility is considered to be derived from the Township's power and includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

NOTE C

CASH DEPOSITS AND INVESTMENTS

Deposits and investments are carried at cost. Cash deposits of the Township are held at Gerber Employees Federal Credit Union in the name of the Township. Act 217, P.A. 1982, authorizes the Township to deposit and invest in the accounts of federally insured banks, insured credit unions and savings and loan associations; bonds and other direct obligations of the United States or an agency, or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; bankers' acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; obligations in the State of Michigan or its political subdivisions, and commercial paper within three (3) highest classifications by at least two (2) rating services, maturing no later than 270 days. Michigan law prohibits security in the form of collateral, security bonds, or other forms for the deposit of public money.

Notes to the Financial Statements (Continued)

Balances at March 31, 2004 related to cash and investments are detailed on the combined balance sheet as follows:

Totals  
(Memo Only)

Cash and Investments \$ 301,786

Cash consists of money market, bank savings, and bank checking accounts. Investments consist of certificates of deposit, which the Township held during the year. As of March 31, 2004, the Township held no certificates of deposit.

Deposits - At March 31, 2004 the cash deposits covered by the National Credit Union Administration (NCUSIF) are itemized as follows:

	<u>Carrying Amount</u>	<u>Market Value</u>
Demand Deposits (NCUSIF Insured):		
Tax Checking	\$ 1,883	\$ 2,792
General Fund Checking	<u>1,525</u>	<u>1,525</u>
Total Demand Deposits covered by NCUSIF Insurance	3,408	4,317
Time Deposits (NCUSIF Insured):		
Tax Savings	93	93
General Fund Savings	85,277	85,277
Capital Improvement Fund - Savings	<u>14,630</u>	<u>14,630</u>
Total Time Deposits covered by NCUSIF Insurance	<u>100,000</u>	<u>100,000</u>
Total Deposits covered by NCUSIF Insurance	103,408	104,317
Time Deposits (Uninsured):		
General Fund Savings	<u>198,378</u>	<u>198,378</u>
Total Deposits	<u>\$ 301,786</u>	<u>\$ 302,695</u>

The Township believes that due to the dollar amounts of cash deposits and the limits of NCUSIF insurance, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Notes to the Financial Statements (Continued)

NOTE D CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance <u>4/01/03</u>	Additions <u>(Deductions)</u>	Balance <u>3/31/04</u>
Land	\$ 800	\$ -	\$ 800
Land Improvements	9,155	4,563	13,718
Building	13,667	-	13,667
Furniture and Equip.	13,193	-	13,193
Software	5,424	-	5,424
Voting Machines	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Total Fixed Assets	<u>\$ 43,739</u>	<u>\$ 4,563</u>	<u>\$ 48,302</u>

NOTE E INTERFUND RECEIVABLES AND PAYABLES

The Township's interfund receivables and payables are as follows:

General Fund - Due from Agency Fund	<u>\$ 931</u>
Agency Fund - Due to General Fund	<u>\$ 931</u>

NOTE F RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Township carries commercial insurance. Liabilities in excess of insurance coverage, if any, are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

# DAYTON TOWNSHIP

## Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual General Fund

For the Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Taxes			
Property Taxes	\$ 44,000	\$ 44,810	\$ 810
Administration Fees	13,000	15,285	2,285
Penalty and Interest	<u>-</u>	<u>3,049</u>	<u>3,049</u>
Total Taxes	57,000	63,144	6,144
State Grants - State Shared Revenue	123,000	141,717	18,717
Charges for Services - Other Fees	1,150	1,100	(50)
Interest Earned	7,040	5,259	(1,781)
Fire Special Assessment	-	39,176	39,176
Fire Reimbursements	800	100	(700)
Other Revenue	<u>7,875</u>	<u>6,764</u>	<u>(1,111)</u>
Total Revenues	196,865	257,260	60,395
Expenditures			
Legislative			
Salaries	3,500	2,875	625
Professional Services	8,750	7,356	1,394
Printing and Publishing	2,000	756	1,244
Memberships and Dues	1,300	1,281	19
Education and Training	1,500	211	1,289
Miscellaneous	<u>400</u>	<u>2,745</u>	<u>(2,345)</u>
Total Legislative	17,450	15,224	2,226
General Government			
Supervisor			
Salaries	9,500	9,500	-
Deputy's Wages	-	208	(208)
Transportation & Supplies	<u>875</u>	<u>655</u>	<u>220</u>
	10,375	10,363	12
Assessor			
Supplies and Cardwork	19,500	19,244	256
Professional Services	<u>500</u>	<u>400</u>	<u>100</u>
	\$ 20,000	\$ 19,644	\$ 356

Statement of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - General Fund (Continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Elections			
Wages		\$ 393	
Supplies		<u>386</u>	
	\$ 790	779	\$ 11
Clerk			
Salaries	9,500	9,500	-
Deputy's Wages	900	900	-
Supplies and Transportation	<u>842</u>	<u>557</u>	<u>285</u>
	11,242	10,957	285
Board of Review			
Salaries		1,800	
Supplies		<u>134</u>	
	2,100	1,934	166
Treasurer			
Salaries	8,300	11,183	(2,883)
Deputy's Wages	900	900	-
Supplies and Communication	<u>4,250</u>	<u>1,436</u>	<u>2,814</u>
	13,450	13,519	(69)
Buildings and Grounds			
Utilities		2,237	
Repairs and Maintenance		<u>499</u>	
	2,800	2,736	64
Cemetery			
Contracted Services		2,850	
Supplies		<u>707</u>	
	<u>3,560</u>	<u>3,557</u>	<u>3</u>
Total General Government	64,317	63,489	828
Public Safety			
Fire Protection			
Contracted Services		46,962	
Miscellaneous		<u>476</u>	
	\$ 40,805	\$ 47,438	\$ (6,633)

Statement of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - General Fund (Continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Planning and Zoning			
Salaries		\$ 8,685	
Supplies		195	
Printing and Publishing		2,559	
Contracted Services		<u>11,214</u>	
	<u>\$ 37,550</u>	<u>22,653</u>	<u>\$ 14,897</u>
Total Public Safety	78,355	70,091	8,264
Public Works			
Roads - Contracted Services	74,000	73,088	912
Parks and Recreation - Contracted Services	-	2,175	(2,175)
Drains - Contracted Services	<u>4,975</u>	<u>2,536</u>	<u>2,439</u>
Total Public Works	78,975	77,799	1,176
Other Functions			
Insurance	5,120	5,102	18
FICA Tax	4,000	3,485	515
Capital Outlay	<u>8,388</u>	<u>4,563</u>	<u>3,825</u>
Total Other Functions	<u>17,508</u>	<u>13,150</u>	<u>4,358</u>
Total Expenditures	<u>256,605</u>	<u>239,753</u>	<u>16,852</u>
Excess Revenues Over (Under) Expenditures	(59,740)	17,507	77,247
Other Financing Sources (Uses) Operating Transfers In	<u>-</u>	<u>4,563</u>	<u>4,563</u>
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ (59,740)</u>	22,070	<u>\$ 81,810</u>
Fund Balance Beginning of Year		<u>221,203</u>	
Fund Balance End of Year		<u>\$ 243,273</u>	

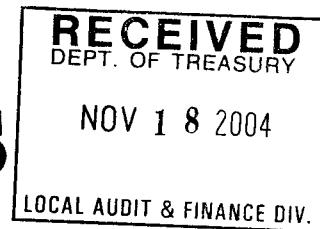


# DAYTON TOWNSHIP

## Combining Statement of Changes in Assets and Liabilities All Agency Funds For the Year Ended March 31, 2004

	Balance <u>4/01/03</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>3/31/04</u>
<b>Assets</b>				
Cash - Tax Collection	<u>\$ 655</u>	<u>\$ 1,453,583</u>	<u>\$ 1,452,262</u>	<u>\$ 1,976</u>
<b>Liabilities</b>				
Due to Other Funds	\$ 281	\$ 98,037	\$ 97,387	\$ 931
Due to Schools	212	500,287	500,499	-
Due to Intermediate Schools	46	250,276	249,842	480
Due to County and State Ed. Tax	104	541,153	541,135	122
Due to Library	<u>12</u>	<u>63,830</u>	<u>63,399</u>	<u>443</u>
Total Liabilities	<u>\$ 655</u>	<u>\$ 1,457,583</u>	<u>\$ 1,452,262</u>	<u>\$ 1,976</u>

# H&S Companies



**Hendon & Slate, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS



September 16, 2004

Township Board  
Dayton Township  
Newaygo County, Michigan

Dear Board Members:

We have recently completed an audit of the financial statement of Dayton Township as of and for the year ended March 31, 2004. In connection with our audit, we reviewed the Township's accounting procedures. In that regard we offer the following comments and recommendations.

## **Books and Records**

We would like to commend the clerk and treasurer for the condition of the books and records. There were only two issues that could potentially be improved upon. The first issue was due to the fact that the prior year's adjusting journal entries were not entered into the software system. To correct this, we needed to prepare a correcting entry to get the beginning balances in line with the March 31, 2003 final balances. We have provided a copy of this correcting entry that will need to be entered by the Township into the software system as of March 31, 2003.

The only other area of the accounting system that could be improved upon is related to the cash accounts. We needed to make several entries to correct and reclassify certain transactions. We have provided all of the entries that need to be entered into the accounting system as of March 31, 2004. Once these entries have been entered (after the March 31, 2003 correcting entry is recorded), the Township's financial statements from the software system should appear exactly as those that we have provided along with the journal entries. In addition, we recommend that the clerk and treasurer reconcile their respective cash balances at the end of each month. Comparing these balances should help to maintain the correct balances in the software system.

We would like to note that we have added some accounts and edited the names of some current accounts within the accounting system. We have done this in order to make necessary corrections as well as to make it more clear which accounts are old and should no longer be used. To assist in making these changes, we have provided a copy of the chart of accounts as it should appear in the Township's software system. We will be happy to assist with the entry of all necessary entries as well as additions and changes to the chart of accounts.

## **Budget Overexpenditures**

The Board did a good job of amending the budget as necessary to avoid budget overexpenditures. However, we did note a few instances of expenditures exceeding the budgeted amount. We recommend that the Board continue to be cognizant of the need to compare actual expenditures with the budget on a regular basis and make necessary adjustments needed to avoid overexpenditures.

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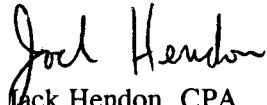
The CPA. Never Underestimate The Value.®

**GASB 34 - Basic Financial Statements - and Management's Discussion and Analysis -  
for State and Local Governments**

This year will be the last year that your financial statements will look as they do. Your financial statements for the year ended March 31, 2005 will need to incorporate the modifications as required by GASB 34. We, of course, will be working together with the Township to ensure that you are in compliance. As part of this, we are scheduled to attend an up-coming board meeting to review these changes with the Board and discuss the options which are available.

Thank you for the courtesy extended to us during our audit. If you have any questions regarding the audit report, this letter, or any other communication, please do not hesitate to call. We look forward to continuing to serve you.

Respectfully submitted,

A handwritten signature in cursive script that reads "Jack Hendon".

Jack Hendon, CPA  
Hendon & Slate, P.C.